

STATE OF MONTANA STANDARD LEASE CONTRACT

(Lease Template last revised October 14, 2021)

This lease #6426-C is made by and between the State of Montana, Department of Corrections, PO Box 201301, 5 South Last Chance Gulch, Helena, Montana, 59620-1301, (Lessee), and VTR Properties LLC, 214 Pine Haven Trail, Billings, Montana, 59105, (Lessor), each a party and collectively, the parties.

1. PURPOSE OF LEASE

Lessee has a need to lease space in Billings, Montana, to conduct its business. Lessor has space available for this purpose.

2. PREMISE OWNERSHIP AND DESCRIPTION

- A. Lessor represents that Lessor is the owner of the building or the building owner's agent, and the building is free and clear of all encumbrances, except for easements, covenants, and restrictions of record as of the date of this lease. If this lease is to be subordinated to a new building mortgage or ground lease during the lease term, the subordination must be conditioned on Lessor's mortgagee or ground lessor, or both, agreement not to disturb Lessee's right to possession of the Premise.
- B. The leased space (Premise) is 20,271 gross square feet and includes common areas such as stairs, elevators, hallways, public restrooms, mechanical rooms, and available storage space or any proration thereof within the building in which the Premise is located. The space is a remodel/addition of 6,193 square feet built to suit for the Lessee and a new parking lot which is further detailed in Exhibit A, Floor plan, and a new parking lot as further detailed in Exhibit B, Parking Lot with both attached herein. The physical address of the Premise is 317 South 27th Street, Billings, Montana.

3. TERM OF LEASE

- A. The lease term is 15 year(s), effective May 1, 2023, through April 30, 2038, unless earlier terminated as provided for in this lease.
- B. The space is a remodel/addition of 6,193 square feet built to suit for the Lessee. The occupancy date is scheduled for May 1, 2023. If the space is not ready for occupancy on May 1, 2023, the effective start date of the lease will be the new occupancy date stated in an amendment to this lease. The termination date shall be amended to reflect a date 15 years from the actual occupancy date.
- C. Lease renewals are subject to prior approval by the Department of Administration. If the department does not approve a renewal, the lease is voidable at the Lessee's option.
- D. Upon termination or expiration of this lease or any extension of it, Lessee shall vacate

and surrender the Premise to Lessor in as good condition and repair as when it took possession, reasonable wear and tear and Lessor-authorized changes, alterations, and improvements excepted. Lessee shall remove all personal property that it placed within the Premise when the lease terminates or expires.

- E. If Lessee does not remove its personal property when the lease terminates or expires, Lessee has an additional 30 days to do so, but Lessee shall pay Lessor one monthly rent payment, even if Lessee's personal property is removed before the 30-day period has expired.

4. CONSIDERATION

- A. Upon completion of a new parking lot, Lessee's monthly rent is \$19,885.18. This reflects a rate of \$16.95 per gross square foot per year for 14,078 square feet. The parking lot completion is anticipated to be June 30, 2022. The actual completion date will be stated in an amendment to this lease.
- B. Upon completion of the addition of 6,193 square feet to the building, Lessee's monthly rent for years 1-5 is \$30,474.07, with an annual cost of \$365,688.84. This reflects a rate of \$18.04 per gross square foot per year. The addition completion is anticipated to be May 1, 2023, as further detailed in section 3-B.

Lessee's monthly rent for years 6 through 10 is \$30,896.38, with an annual cost of \$370,756.59. This reflects a rate of \$18.29 per gross square foot per year.

Lessee's monthly rent for years 11 through 15 is \$31,318.70, with an annual cost of \$375,824.34. This reflects a rate of \$18.54 per gross square foot per year.

- C. Monthly rent is due on the first business day of each month. Lessee shall pay monthly rent without the need for a separate invoice from Lessor.
- D. If requested by Lessor, Lessee may pay monthly rent by electronic funds transfer (EFT). To request EFT payment, Lessor may submit a completed Standard Form 1199A (Direct Deposit Sign-Up Form) to Lessee. Lessor may cancel EFT payment with thirty (30) days prior written notice to Lessee.
- E. Lessor shall be liable for all real estate taxes and assessments against the Premise.

5. UTILITIES AND SERVICES

- A. Lessor shall furnish and pay for all utilities including but not limited to interior water (hot and cold), landscape and irrigation water, gas, electricity, air conditioning (if available), garbage removal, pest control, and sewer. Lessor shall at its expense shall promptly replace all light bulbs, fluorescent tubes, and other lighting elements but in any event within five business days following receipt of notice from Lessee.

- B. At its expense, Lessee --with Lessor's approval-- may install additional telephone, electrical, or computer network lines or change the location of such existing facilities.
- C. After occupancy and at its expense, Lessee shall replace lost keys or re-key the Premise, as necessary.
- D. At its expense, Lessor shall provide janitorial services and all janitorial supplies for the Premise. Lessor shall perform the janitorial work safely, including notifying occupants of any dangerous conditions like slippery or wet floors, or unstable walking areas. Services must include at a minimum the services described in Attachment A.

6. PARKING SPACE

At no additional charge or cost to Lessee, Lessor shall provide adequate parking spaces for Lessee's employees, including the requisite number of handicapped parking spaces required by the Americans with Disabilities Act.

7. PARKING AREA AND SIDEWALK MAINTENANCE

Lessor shall keep the parking area and sidewalks safe and in good repair and shall timely remove debris, snow, and ice from the parking area and sidewalks.

8. NOTICE

For a notice under this lease to be valid, it must be in writing and must be personally delivered or sent by email, fax, or first-class mail. Notice personally delivered or sent via email or fax is effective on receipt. If email is used and the sender receives a machine-generated notice that delivery has failed, then the sender must provide notice by another means allowed by this section. Notice sent by first class mail is effective within three days of mailing.

Lessor's address for purposes of receiving notice or demand is: VTR Properties LLC, 214 Pine Haven Trail, Billings, Montana, 59105.

Lessor's representative is Todd Reichenbach, manager, telephone (406) 698-7764, e-mail: pyrofx.mt@gmail.com .

Lessee's address for the purposes of receiving notice or demand is the State of Montana, Department of Corrections, PO Box 201301, 5 South Last Chance Gulch, Helena, Montana, 59620-1301.

Lessee's representative is Carleen Green, telephone (406) 444-4939, e-mail: carleen.green@mt.gov .

If either party changes its address or contact person, it shall promptly notify the other party in

writing at the address provided in this section.

9. QUIET ENJOYMENT

Without interference from Lessor or third parties, Lessee has the right to peaceful and quiet possession and use of (i) the Premise and common areas and (ii) the rights and interests appurtenant to the Premise and common areas.

10. ACCESS FOR MAINTENANCE/INSPECTION

- A. Upon 24-hours' prior notice to Lessee, Lessor or its agent(s) may enter the Premise at reasonable times to maintain, repair, or inspect the Premise. If acceptable to Lessee, a verbal or e-mail message given to office management will waive the 24-hour notice for minor repairs.
- B. If an emergency arises, Lessor may enter the Premise without prior notice to Lessee. Lessor has 24-hour access to the Premise to perform the janitorial services in section 5.

11. MAINTENANCE/REPAIR OF PREMISE

- A. At its cost and expense, Lessor shall maintain and repair in a good, safe, and usable condition the Premise and the interior of the building in which the Premise is located—including hallways, corridors, stairs, lobbies and related mechanical, electrical, plumbing, sanitary, heating, ventilation, and air conditioning and fire extinguisher systems, elevator (if any), and windows.
- B. At its cost and expense, Lessor shall maintain and repair in a good, safe, and usable condition the exterior of the building and the Premise, including the roof, foundation, walls, doors, fixtures, outside corridors, outdoor lighting, lawns and other landscaping, drainage, and related sidewalks, stairways, and parking areas.
- C. If there is an interruption in essential services to the Premise (such as heating, ventilation plumbing, lighting, or electrical services) or Lessor fails to maintain or repair the Premise in a good, safe, and usable condition for five consecutive days following notice from Lessee, Lessee must receive a prorated abatement of rent for the entire period of service interruption. If the interruption continues beyond this five-day period, Lessee may terminate this lease without penalty or further notice and receive a refund for the unearned rent paid. Lessee may also pursue any remedies available to it under this lease or Montana law.
- D. At its cost and expense, Lessor shall install 2 Horton Series 7000 ADA operator assemblies- single door, 2 BEA radio-controlled button assemblies, 1 BEA Bollard post (exterior), electrical and maintenance.

12. CASUALTY OR FIRE DAMAGE

- A. If the Premise or any part of it becomes so damaged by fire, earthquake, other casualty, or structural defects that it cannot be used for Lessee's business purposes, then Lessee may without penalty terminate this lease by giving Lessor five days' notice. Lessor shall refund Lessee any unearned rent paid if Lessee so terminates.
- B. If such damage does not render the Premise wholly unusable for Lessee's purposes, Lessor shall promptly restore the damaged portion of the Premise to the same condition as existed prior to such damage at Lessor's cost. In this case, Lessee's monthly rent payment must be reduced by the same ratio of the amount of gross square feet that Lessee is precluded from occupying to the total gross square feet of the Premise.

"Gross square feet" means the square footage stated in section 2.B and includes stairs, elevators, hallways, public restrooms, mechanical rooms, and available storage space or any proration thereof. If Lessor does not complete the repairs within 30 days following the initial damage, Lessee may without penalty immediately terminate this lease.
- C. Lessor shall continue to insure the Premise until Lessee's personal property is removed from the Premise.

13. ALTERATIONS TO PREMISE

Lessee may not make structural, mechanical, electrical, or plumbing improvements or alterations to the Premise without the Lessor's prior written consent. Any structural, mechanical, electrical, or plumbing improvements or alterations will remain Lessor's property upon lease termination or expiration. Lessee's personal property, equipment, trade fixtures and temporary installations including but not limited to cubicles remain Lessee's property and may be removed upon lease termination or expiration.

14. SIGNAGE

If Lessor allows signage and Lessee wishes to advertise its location in the building where the Premise is located, Lessee shall pay the Lessor for installation of a suitable sign on the exterior of the Premise at a location mutually agreeable to Lessor and Lessee.

15. DEFENSE/INDEMNIFICATION

- A. Lessor, at its sole cost and expense, shall defend Lessee and the state of Montana, their employees, officers, officials, agents, and volunteers (collectively, Indemnitees) from and against all claims, allegations, lawsuits, or any other action (Claim or Claims) relating to personal injury, death, damage to property, financial loss or other obligation arising or allegedly arising out of or in connection with Lessor's duties under this lease.
- B. Lessor shall indemnify the Indemnitees against losses, liabilities, damages, judgments,

settlements, penalties, fines, reasonable attorney/expert fees, expenses, and court costs arising from the Claims.

- C. Lessee shall give Lessor prompt notice of any Claim, and at Lessor's expense, Lessee shall cooperate in the defense of the Claim. Lessor acknowledges that under Montana law, the Montana Attorney General may participate in an action involving the state of Montana.
- D. If Lessor fails to comply with its defense obligations under this section, Lessee may undertake its own defense. If Lessee undertakes its own defense, Lessor shall reimburse Lessee for all: (i) losses, liabilities, damages, judgments, settlements, penalties and fines arising from the Claim, and (ii) costs arising from defense of the Claim, including but not limited to attorney fees, court costs, and costs of investigation, discovery, and experts. Lessor shall reimburse Lessee within 30 days after receiving Lessee's justification for these expenditures.

16. INSURANCE

- A. Lessor shall carry commercial property insurance sufficient to insure the building in which the Premise is located and any improvements and alterations installed in the building thereafter throughout all lease terms against the following:
 - 1. Loss or damage by fire and such other risks (not including earthquake damage) in an amount sufficient to permit such insurance to be written at all times on a replacement costs basis. This may be insured against by attachment of standard form extended coverage endorsement to fire insurance policies.
 - 2. Loss or damage from leakage or sprinkler systems now or hereafter installed in any building in which the Premise is located.
 - 3. Loss or damage by explosion of steam boilers, pressure vessels, and oil or gasoline storage tanks, or similar apparatus now or hereafter installed in a building in which the Premise is located.

Lessor agrees that insurance carried or required to be carried by Lessor against loss or damage to property by fire, flood, earthquake, acts of terrorism, acts of war, or other casualty shall contain a clause whereby the insurer waives its right to subrogation against Lessee, and Lessor shall indemnify Lessee against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver.

- B. Lessor shall purchase and maintain occurrence coverage with combined single limits for bodily injury or death, personal injury, and property damage of \$1,000,000 per occurrence and \$2 million aggregate per year. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall

apply separately to the Premise location or the general aggregate limit shall be twice the required occurrence limit.

- C. Lessor's insurance must be from an insurer licensed to do business in Montana or a domiciliary state and with a Best's rating of no less than A-. Lessor shall provide 30 days advance written notice to Lessee of any material change in coverage including cancellation and upon request, an original Certificate of Insurance including any required amendatory endorsements. Lessee may request copies of Lessor's insurance coverage at any time. The state of Montana and Lessee shall be named as additional insureds on Lessor's insurance coverage. Lessor's insurance coverage shall be primary insurance with respect to Lessee.
- D. Lessee shall maintain insurance coverage of its personal property and shall self-insure for personal injury and property damage. Any insurance or self-insurance maintained by Lessee, or the state of Montana on Lessee's behalf, shall be excess of Lessor's insurance and shall not contribute with it.

17. COMPLIANCE WITH LOCAL, STATE AND FEDERAL LAWS

- A. Lessor and Lessee shall comply with applicable federal, state, and local laws and ordinances.
- B. Pursuant to 49-3-207, MCA, and Executive Order No. 04-2016, Lessor agrees:
 - 1. the hiring of persons, if any, to perform its obligations in this lease will be made on the basis of merit and qualifications, and
 - 2. there will be no discrimination based on race, color, sex, pregnancy, childbirth or medical conditions related to pregnancy or childbirth, political or religious affiliation or ideas, culture, creed, social origin or condition, genetic information, sexual orientation, gender identity or expression, national origin, ancestry, age, disability, military service or veteran status, or marital status by the persons performing its obligations in this lease.
- C. If premise is not ADA compliant, or cannot be made ADA compliant, Lessor shall provide an additional alternative accessible site, other than the Premise, for use by Lessee if it is necessary to provide services, benefits, or communication to individuals with a disability. If an alternative ADA site is not available or economically feasible for Lessor to provide within thirty (30) days of a written request thereof by Lessee, Lessee may without a penalty terminate the lease with a thirty (30) day written notice.
- D. Lessor shall locate, install, test, and maintain fire extinguishers as required by law.
- E. Lessor shall comply with the Montana Occupational Safety and Health Act (MCA 50-71-111 et seq.) and all rules adopted thereunder.

- F. Lessor shall provide the Department of Administration, the Montana legislative auditor, or their authorized agents reasonable access to any records relating to this lease to determine compliance with the lease. Lessor shall retain these records for eight years following termination or expiration of this lease or the time established by Lessor's record retention schedule, whichever is longer.

18. ENVIRONMENTAL HAZARDS

- A. Lessor represents that, to the best of its knowledge, any use, storage, treatment, or transportation of hazardous substances that has occurred within, under or from the Premise before the lease date has complied with all applicable federal, state, and local laws, regulations, and ordinances.
- B. Lessor represents that, to the best of its knowledge, (i) no release, discharge, or disposal of hazardous substances has occurred within or under the Premise and (ii) that the Premise is free of hazardous substances as of the starting lease date.
- C. If either party to this lease discovers that a release, discharge, or disposal of hazardous substances has occurred within or under the Premise or that the Premise is not free from hazardous substances, the party shall immediately notify the other party.
- D. If Lessee determines at any time that the Premise poses an environmental hazard to its employees, Lessee may without incurring a penalty or liability immediately terminate the lease with notice to Lessor.
- E. "Hazardous substances" means those substances designated by the United States Environmental Protection Agency as hazardous or those substances defined as hazardous by federal, state, or local statutes, rules, ordinances, or regulations.
- F. Lessor represents that, to the best of its knowledge, the Premise shall be free of all asbestos containing materials, except undamaged vinyl asbestos floor tile in the premise or undamaged boiler or pipe insulation outside the leased premise. Radon levels in the Premise shall not equal or exceed the Environmental Protection Agency action level for homes or 4 Pico curies per liter.

19. HOLDOVER TENANCY

- A. Absent a written agreement stating otherwise, if Lessee holds the Premise beyond the lease term, the lease will be deemed a month-to-month tenancy subject to all terms and conditions of this Lease.
- B. Either party may terminate the holdover tenancy, without incurring a penalty, by providing the other party thirty (30) days written notice of termination before the beginning of the final month.

20. TERMINATION FOR LACK OF FUNDING

- A. Lessor understands that Lessee, as a state agency, is dependent upon state and/or federal appropriations for its funding. If state or federal government funds are not appropriated or otherwise made available to support continued performance of this lease, Lessee must terminate this lease. 2-17-101(6), MCA. Lessee shall provide Lessor the date Lessee's termination will take effect.
- B. Lessee is responsible only for the monthly rent payment, or prorated portion of that payment, owed to Lessor under section 4 up to the date Lessee's termination takes effect. This is Lessor's sole remedy. Lessee shall not be liable to Lessor for any other payments or damages arising from termination for lack of funding, including but not limited to general, special, or consequential damages.

21. BREACH

- A. Other than termination for lack of funding under section 20, either party's failure to comply with any term or condition is a breach.
- B. If a breach arises, the non-breaching party may send the breaching party a written notice, identifying in reasonable detail the breach and the requested remedy.

The breaching party shall cure the breach as soon as reasonably possible but no longer than 30 days, except if an emergency condition exists requiring a cure to be immediately started and completed within 24 hours if reasonably possible given the circumstances.

- C. If it is not reasonably possible to cure an emergency or non-emergency condition within 24-hours or 30 days, respectively, the breaching party shall so notify the non-breaching party within 24-hours or 10 days, respectively. The notice shall explain why the cure is not reasonably possible with due diligence to complete and provide the earliest date reasonably possible that the work can be completed. If the non-breaching party is not satisfied with the breaching party's explanation, the non-breaching party may pursue its remedies under this lease and law.

It is not a justifiable ground for delay that Lessor does not have available funding to accomplish the cure or that a preferred contractor has limited availability if other contractors can satisfactorily perform the work sooner at reasonable cost.

- D. If the breaching party does not cure the breach, the nonbreaching party may cure all or part of the default after providing notice to the breaching party of its intent to perform such cure, and, if applicable, recover the costs incurred in curing the default.

If the nonbreaching party is Lessee, Lessee may deduct all costs incurred from rent or other charges owed to Lessor. Lessee's costs incurred to cure include, but are not limited to, all reasonable out-of-pocket expenses, payment of unpaid utility or services charges

for which Lessor is responsible, and all administrative costs Lessee reasonably incurs and documents in performing or arranging for performance of the cure.

If the nonbreaching party is Lessor, Lessor will submit properly executed vouchers and proof of payment to Lessee and Lessee shall remit payment to Lessor within 30 days or as soon as is practicable.

The nonbreaching party is under no obligation to cure some or all the default of the breaching party. To the extent that the nonbreaching party does not cure the default, the nonbreaching party may pursue its legal and lease remedies against the breaching party.

The nonbreaching party's failure to cure the breaching party's default does not waive the nonbreaching party's rights to relief. The parties acknowledge they have a duty to reasonably mitigate damages, and nothing in this lease removes or lessens either party's obligation to mitigate damages.

- E. "Emergency condition" means a condition requiring a cure that (i) prevents or substantially disrupts the Lessee from using all or a substantial part of the Premise, or (ii) causes or substantially threatens to cause injury to persons or damage to property or raises a substantial danger to the health or safety of any persons on or using the Premise.

22. GOVERNING LAW AND VENUE

This lease shall be governed and interpreted according to Montana law. Any litigation concerning this lease shall be brought only in the First Judicial District Court in and for Lewis and Clark County, State of Montana. Each party shall pay its own costs and attorney fees, except as otherwise stated in this lease.

23. ENTIRE LEASE/AMENDMENT

This lease and Exhibit "A" Offices and Exhibit "B" Parking thereto, contains the entire agreement between Lessor and Lessee. Any amendment hereafter made shall not be effective to modify this lease unless it is in writing and signed by both parties and the Department of Administration.


24. SMOKE FREE ENVIRONMENT

Lessor shall make all parts of the leased premise smoke-free. "Smoke" means smoke from a lighted cigar, pipe, cigarette, any kind or variety of e-cigarette or vapor cigarette, or any other smokable product. Montana Clean Indoor Air Act, 50-40-101, et seq., MCA.

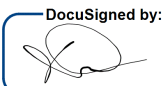
The parties' authorized representatives have executed this lease as indicated below.

PARTIES TO THE LEASE


Lessee

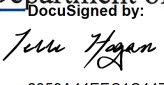
By:  DocuSigned by:
3869A08542B943F... 4/8/2022
Date
Brian M. Gootkin, Director
Montana Department of Corrections


Lessor


By:  DocuSigned by:
9B2700AA56E94EB... 4/10/2022
Date
Todd Reichenbach, manager
VTR Properties LLC

APPROVED BY:

By:  DocuSigned by:
75F3E618151B46A... 4/8/2022
Date
Garrett M. Bacon, Leasing Officer
Department of Administration, General Services Division

By:  DocuSigned by:
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Date
Terri Hogan, Attorney
Department of Administration

By:  DocuSigned by:
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Date
Office of Budget and Program Planning

By:  DocuSigned by:
4EE6E5CA5FE0409... 5/3/2022
Date
Misty Ann Giles, Director
Department of Administration

ATTACHMENT "A"

JANITORIAL SPECIFICATIONS

Lessor shall furnish all janitorial work, equipment and supplies necessary to accomplish the duties described in the lease and this attachment.

1. The janitorial supply list includes but is not limited to:
 - a. Hand towels and toilet tissue;
 - b. Restroom hand soap for dispensers;
 - c. Trash can liners; and
 - d. Entrance or walk-off mats.
2. Daily Requirements (Monday through Friday, excluding holidays):
 - a. Floor sweeping and damp mopping all tiled areas.
 - b. Clean and sanitize plumbing fixtures, and toilet rooms (sinks, showers, toilets, mirrors, etc.)
 - c. Vacuum carpet, using industrial type vacuum cleaner with a power head in entrance area and hallways.
 - d. Remove all trash from building.
 - e. Cleaning supplies: re-stock toilet tissue, towels, soap, etc. in restrooms.
3. Weekly Requirements:
 - a. Vacuum all areas of carpeting.
 - b. Clean interior glass by each doorway.
4. Quarterly Requirements:
 - a. Complete dusting of all offices.
5. Semi-annual Requirements:
 - a. Glass Cleaning - all interior/external windows and window dressings (shades, curtains, blinds) in space leased by the Lessee (October and May).
 - b. Carpet Cleaning - all carpeted areas in space leased by the Lessee shall be cleaned using professional process carpet cleaning equipment.
 - c. Clean all light fixtures.

Exhibit "A" Offices

PRELIMINARY CONCEPT LAYOUT STUDY FOR BUILDING EXPANSION: **PAROLE AND PROBATION OFFICES** SOUTH 27TH STREET BILLINGS, MONTANA

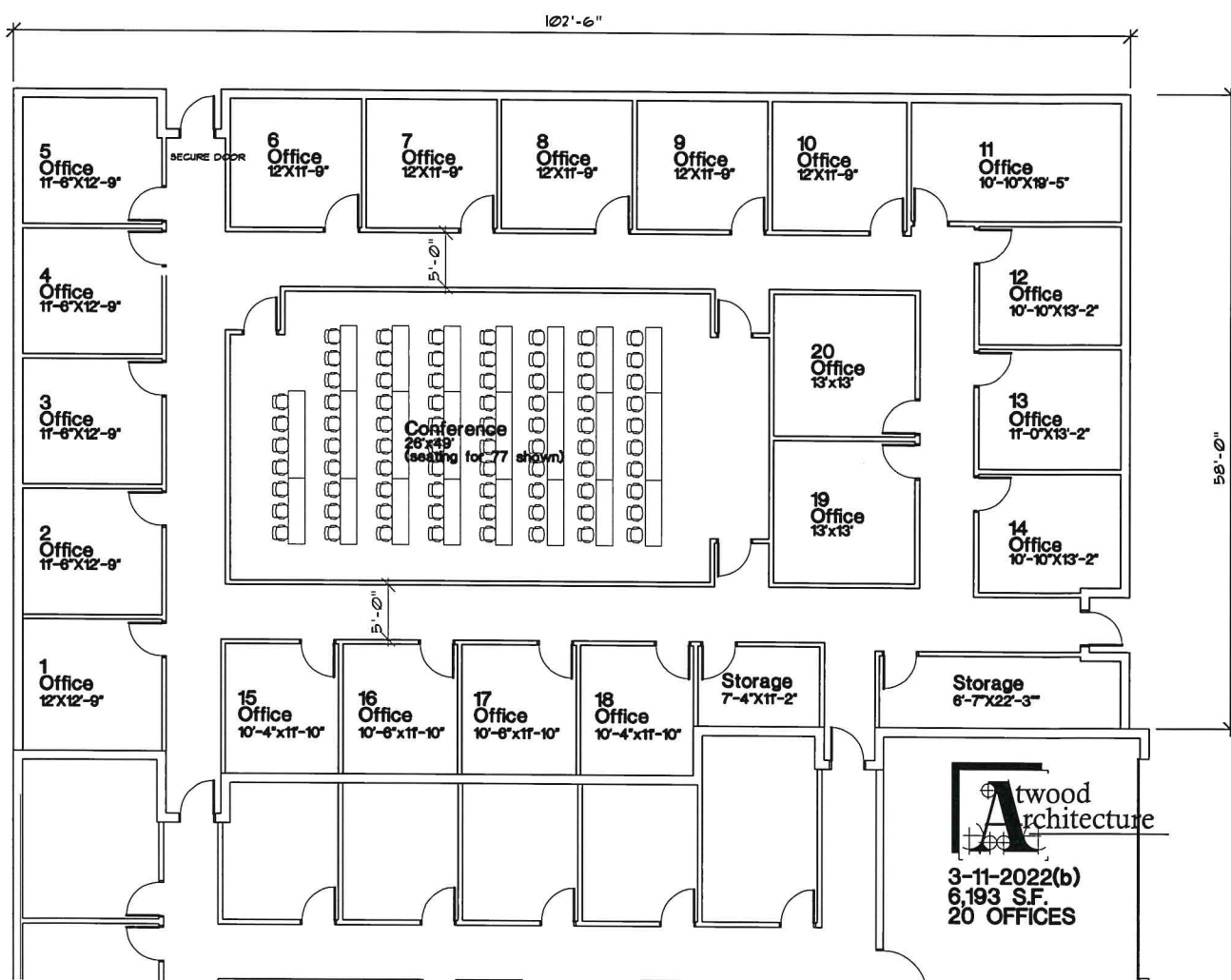
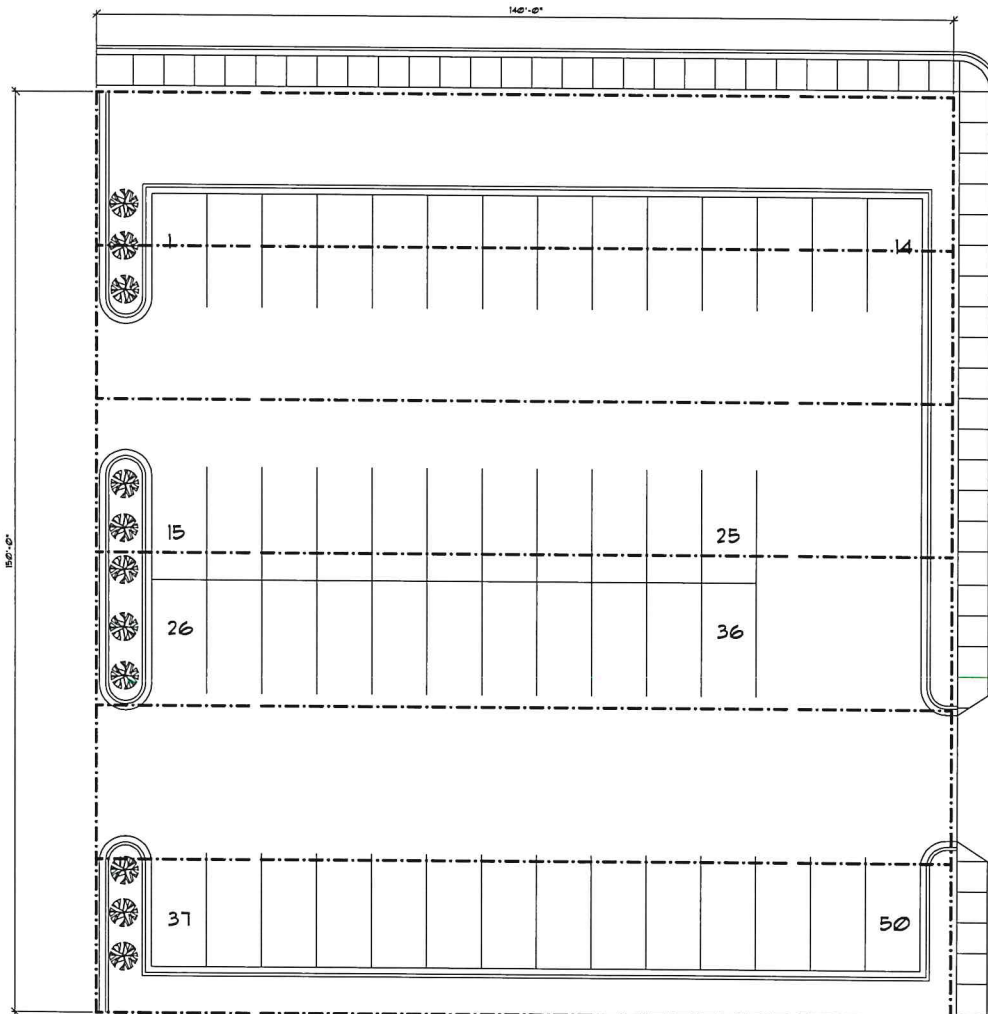


Exhibit "B" Parking

PARKING LOT STUDY FOR: PAROLE AND PROBATION OFFICES

SOUTH 27TH STREET **BILLINGS, MONTANA**



Option A

50 stalls plus 23 existing: 73 stalls

3-11-2022